

Washington, DC – Yesterday, Congressman Joe Sestak (PA-07) voted in favor of the Credit Union, Bank and Thrift Regulatory Relief Act of 2008 (H.R. 6312) to reform a number of bank, savings and loan associations, and credit union regulations and enable these institutions to better serve their members and consumers. This legislation, which passed by a voice vote, represents a bipartisan compromise by the Congress, to expand the investment opportunities of financial institutions, which allows additional resources to better serve customers. The measure was agreed to by voice vote. — “I strongly support this bill because it allows small businesses, particularly in developing business communities, to get the help they need from financial institutions,” said Congressman Sestak. “As vice-chairman of the small business committee, I recognize that small businesses are responsible for the vast majority of job creation in this country and it is particularly important to assist them in getting the resources they need in these difficult economic times.”

For Credit Unions, this legislation increases the current limit on credit union investments in private, investment-grade securities to 10%. It also brings the current limit that may be spent on credit union service organizations from 1% to 3% of shares and earnings. To help developing communities and families in need of special assistance, the bill permits all credit unions to expand services to communities that suffer from low-incomes, high unemployment and other similar criteria. Congressman Sestak noted that “under current law, few credit unions are permitted to work in developing communities, where the benefits that credit unions provide is most needed.”

In the interest of credit union customers, the legislation also permits credit unions to provide check cashing and wire transfers to all members; allows credit unions to make short-term unsecured loans as an alternative to payday loans to residents of the community who are not members; removes a number of loan limits to nonprofit religious organizations; and, expands elements of the Gramm-Leachy-Bliley Act, which allows federal banking agencies and the National Credit Union Association to share data with federal and state agencies that have oversight over financial institutions.

To expand the services of Savings and Loan Associations, HR 6312 allows thrifts to invest in one or more small businesses, so long as it does not exceed 5% of its capital. It also removes current limits, which restrict a thrift from investing more than 35% of its assets in automobile loans and increases the limit that may be invested in real estate loans from 400% to 500% of a thrifts capital.

“This legislation, takes an important step toward eliminating unnecessary and outdated regulations that have prevented credit unions from best assisting small businesses and low income communities,” said Congressman Sestak.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. House of Representatives.*

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